

**NATIONAL PEACH COUNCIL**

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June 12, 2003

Mr. Kurt Kimmel
CALIFORNIA MARKETING FIELD OFFICE
USDA, AMS, Fruit & Vegetable Programs
2202 Monterey Street, Suite 102-B
Fresno, CA 93721

Dear Mr. Kimmel:

I am writing in support of the CALIFORNIA TREE FRUIT AGREEMENT and the Federal Marketing Order for Fresh Market Peaches.

As you know, this is one of the oldest—maybe it is the oldest—federal marketing orders in existence today. Over the years it has done an outstanding job of serving the growers and it has had some of the very toughest issues to deal with. It has very effectively advanced quality, maturity, color and sizing standards over the years, and without the authority granted under the order, it would not have been possible to do so. If the California growers were to now lose the order, these advancements in standards would be lost.

CTFA and the marketing orders have been on the cutting edge of dealing with the difficult issues of the Mexican quarantine of U.S. peaches. Efforts under the Marketing Order still have not gotten the quarantine removed, but by spending considerable sums of dollars, they have been able to satisfy Mexico to the extent that they are now able to get a substantial amount of fruit across the border and into Mexico. Without the Marketing Order, this would not be possible, thereby resulting in disastrously low FOB prices and surplus shipments during the peak shipping periods. It would result in low FOB prices, not just for California peach growers, but for growers in all shipping areas.

Moreover, for the dollars they spend, CTFA and the marketing order have been very effective in promoting their product, and their promotion and merchandising programs, without question, help to keep product moving through the channels of distribution during peak shipping periods. They have been very effective in getting retailers to feature peaches during peak shipping periods, thereby relieving some of the downward pressure on FOB prices of peaches from all shipping areas.

Without CTFA and the federal marketing order, all peach growers, including California, will experience a marketing blood bath the likes of which have never been seen. California growers estimate \$8 to \$9 per carton as a breakeven price. As you can see from Figure A2, enclosed, during peak shipping periods FOB prices drop below breakeven. Moreover, with Table A6, enclosed, you can gain an idea of just how heavy shipments get during peak shipping periods. Without CTFA and the authority to promote under the Marketing Order, FOB prices would only get lower during shipping peaks. I have also enclosed Figures 2 and 3 from the Spring issue of PEACH TIMES to illustrate the level of disadvantage our growers have in dealing with retailers. As you can see, peach growers over the past 21 years keep getting a smaller and smaller percentage of the retail pie. Without the efforts of CTFA and the Marketing Order, this trend will only accelerate.

Again, CTFA and the peach marketing order are needed as they contribute substantially to the overall welfare of the national peach industry. Therefore, I strongly urge USDA to allow the continuation of the Federal Marketing Order.

Sincerely,

Charles Walker, Managing Director

JUN 16 2003

CA MFO

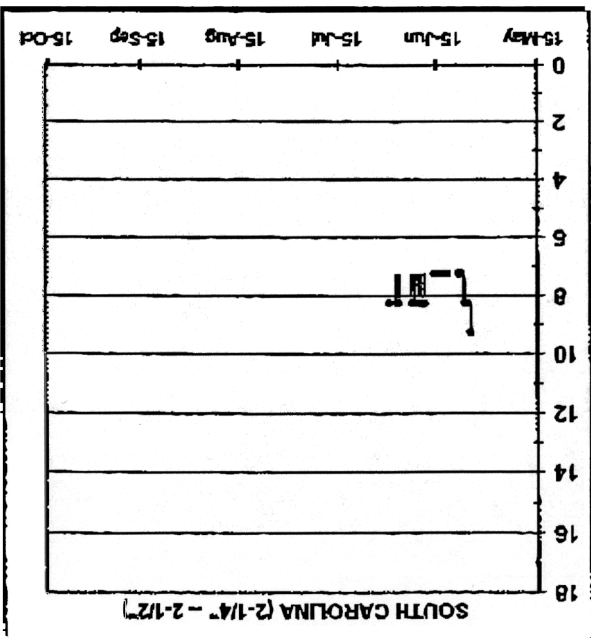
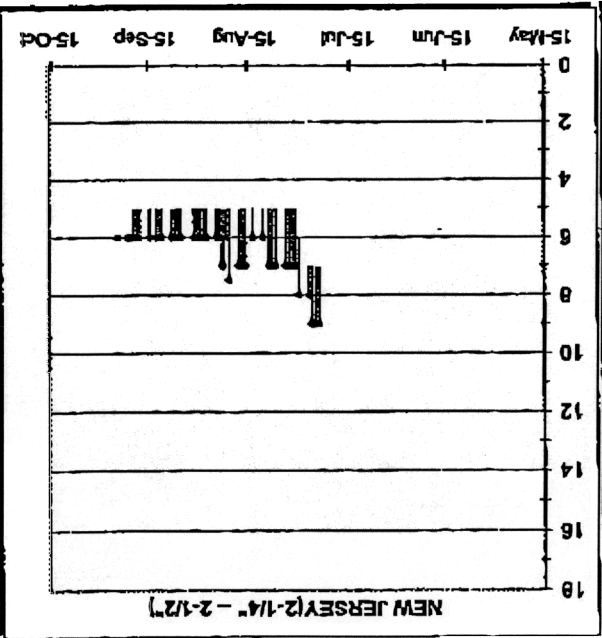
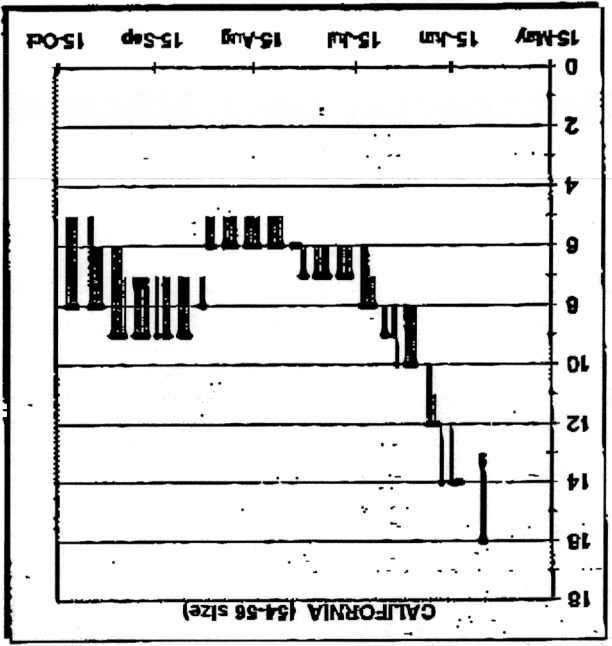
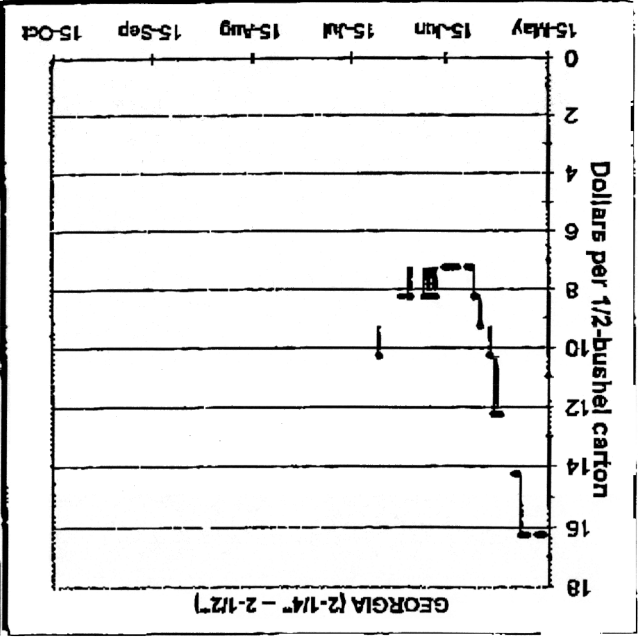
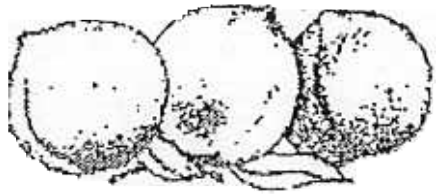


Figure A2. Daily FOB prices for various fruit sizes of fresh market peaches for four shipping areas, 2001 (continued).

Figure A2. Daily FOB prices for various fruit sizes of fresh market peaches for four shipping areas, 2001

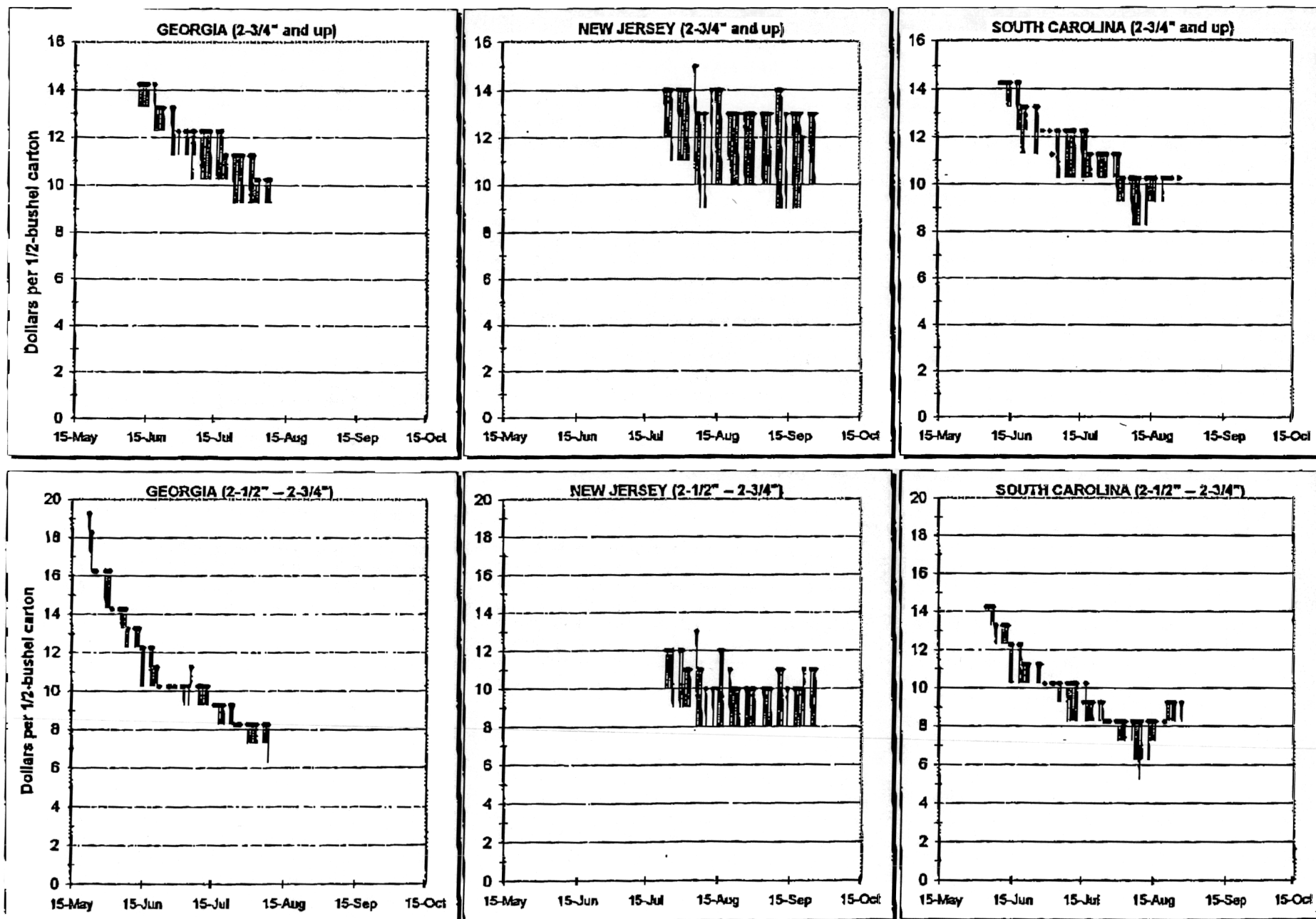


Table A6. Weekly peach shipments, in units of 10,000 pounds, by shipping area, 2001.

| Week Ending: | CA | GA | NJ | SC | Other States | Total Domestic | Chile | Others* | Total Imports | GRAND TOTAL |
|--------------|---------------|--------------|--------------|--------------|--------------|----------------|--------------|-----------|---------------|---------------|
| Jan 6 | | | | | | | 214 | | 214 | 214 |
| 13 | | | | | | | 311 | | 311 | 311 |
| 20 | | | | | | | 326 | | 326 | 326 |
| 27 | | | | | | | 326 | | 326 | 326 |
| Feb 3 | | | | | | | 697 | | 697 | 697 |
| 10 | | | | | | | 350 | | 350 | 350 |
| 17 | | | | | | | 284 | 10 | 294 | 294 |
| 24 | | | | | | | 215 | | 216 | 216 |
| Mar 3 | | | | | | | 159 | | 159 | 159 |
| 10 | | | | | | | 81 | | 81 | 81 |
| 17 | | | | | | | 190 | | 190 | 190 |
| 24 | | | | | | | 313 | | 313 | 313 |
| 31 | | | | | | | 215 | | 215 | 215 |
| Apr 7 | | | | | | | 98 | | 98 | 98 |
| 14 | | 8 | | | - | 8 | 62 | | 62 | 70 |
| 21 | | 15 | | | - | 15 | | | | 15 |
| 28 | 118 | 8 | | | - | 126 | | | | 126 |
| May 5 | 390 | 92 | | | - | 482 | | | | 482 |
| 12 | 545 | 66 | | | - | 611 | | | | 611 |
| 19 | 1,659 | 389 | | 39 | - | 2,087 | | | | 2,087 |
| 26 | 1,280 | 477 | | 92 | - | 1,849 | | | | 1,849 |
| Jun 2 | 2,536 | 428 | | 162 | - | 3,128 | | | | 3,128 |
| 9 | 2,500 | 512 | | 400 | - | 3,412 | | | | 3,412 |
| 16 | 1,984 | 716 | | 339 | - | 3,039 | | | | 3,039 |
| 23 | 3,203 | 619 | | 408 | - | 4,230 | | | | 4,230 |
| 30 | 3,608 | 632 | | 401 | 1 | 4,642 | | | | 4,642 |
| Jul 7 | 1,952 | 586 | | 423 | 1 | 2,962 | | | | 2,962 |
| 14 | 2,560 | 484 | 79 | 528 | 3 | 3,654 | | | | 3,654 |
| 21 | 3,873 | 359 | 129 | 627 | 20 | 5,008 | | | | 5,008 |
| 28 | 3,708 | 246 | 246 | 497 | 66 | 4,763 | | | | 4,763 |
| Aug 4 | 2,982 | 242 | 414 | 424 | 199 | 4,261 | | 22 | 22 | 4,283 |
| 11 | 3,465 | 127 | 503 | 315 | 453 | 4,863 | | | | 4,863 |
| 18 | 3,352 | 60 | 508 | 258 | 746 | 4,924 | | | | 4,924 |
| 25 | 2,523 | | 640 | 185 | 471 | 3,819 | | | | 3,819 |
| Sep 1 | 1,991 | | 596 | 66 | 664 | 3,317 | | | | 3,317 |
| 8 | 1,489 | | 626 | | 514 | 2,629 | | | | 2,629 |
| 15 | 1,357 | | 454 | | 606 | 2,417 | | | | 2,417 |
| 22 | 1,372 | | 358 | | 559 | 2,289 | | | | 2,289 |
| 29 | 852 | | 112 | | 536 | 1,500 | | | | 1,500 |
| Oct 6 | 512 | | | | 289 | 801 | | | | 801 |
| 13 | 365 | | | | 150 | 515 | | | | 515 |
| 20 | 269 | | | | 23 | 292 | | | | 292 |
| 27 | 118 | | | | 125 | 243 | | | | 243 |
| Nov 3 | 7 | | | | 34 | 41 | | | | 41 |
| 10 | 3 | | | | 7 | 10 | 4 | | 4 | 14 |
| 17 | | | | | 1 | 1 | 10 | | 10 | 11 |
| 24 | | | | | | | 20 | | 20 | 20 |
| Dec 1 | | | | | | | 22 | | 22 | 22 |
| 8 | | | | | | | 132 | | 132 | 132 |
| 15 | | | | | | | 173 | | 173 | 173 |
| 22 | | | | | | | 158 | | 158 | 158 |
| 29 | | | | | | | 134 | | 134 | 134 |
| TOTAL | 50,576 | 6,066 | 4,665 | 5,164 | 5,468 | 71,938 | 4,495 | 32 | 4,527 | 76,465 |

*Argentina & Canada

Source: AMS, USDA.

Fresh Market Peach Growers Receiving Smaller Percentage of the Retail Price

by Charles Walker, Editor

For a good picture of retail prices, prices received by growers and the spread (retail price minus price received by growers), one should take a good look at the four charts of Figure 2 below.

For the 21-year period, 1982 through 2002, retail prices have been increasing substantially, not just during the month of June, when demand tends to exceed supply, but also during the months of July, August and September. The retail price during June of 2002 exceeded \$1.80 per pound; almost \$1.40 per pound in July; and slightly more than \$1.40 per pound during Au-

gust and September.

The spread has been trending upward, also, almost in concert with the increase in the retail price. In 2002, the spread exceeded \$1.00 per pound for each of the four months of June, July, August and September.

Prices received by growers, on the other hand, have not fared as well. Through the 1980's and into the early 1990's, prices received by growers hovered around 20 cents per pound, and then started to move upward a little bit.

From the data in the charts of Figure 2, we've been able

to calculate the ratio of prices received by growers to retail prices for the same 21 year period, and these percentages are presented in the four charts under Figure 3. As one can see, these charts are trending downward for each month. In June and July of 2002, prices received by growers was only 15 percent of the retail price. In August and September, there was improvement, but prices received by growers was still only 20 percent. Even an overall one percent increase in this ratio would result in an increase in crop value of about

\$10 million.

I don't think United States peach growers can ignore the charts in Figure 3. If one thinks of the decrease in the ratio of prices received by growers to retail prices in view of the substantial increases in costs of production and packing, then it seems to me that the decreasing trends revealed by these charts are indicative of a crisis situation.

I would go so far as to recommend that the fresh market Peach Industry form a Task Force to study this situation and see if anything can be done to enable growers to get a higher percentage of what the retailer is getting for fresh market peaches. ■

Figure 2. Retail prices of fresh market peaches, prices received by growers, and spread (difference), by month, 1982-2002 (in dollars per pound).

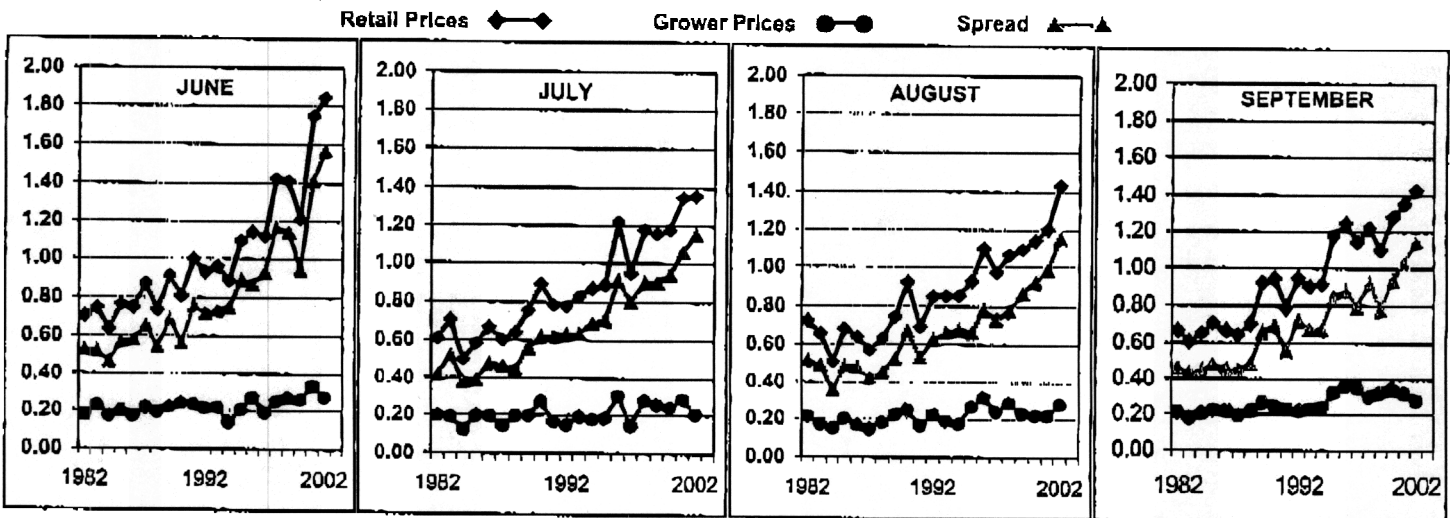


Figure 3. Ratio of prices received by growers to retail prices of fresh market peaches, by month, 1982-2002.

